

**Testimony on SB 23,
"An Act Requiring Site-Neutral Payments for Health Care Services"**

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Senator Kelly, Senator Larson, Representative Scanlon, and Members of the Committee, thank you for the opportunity to testify on SB 23, which would require private health insurers in Connecticut to adopt so-called "site-neutral reimbursement policies."

I am Paul Taheri, Deputy Dean for Clinical Affairs in the Yale School of Medicine and the CEO of Yale Medicine, which exists to support the academic mission of the School of Medicine. We are a practice of 1,400 physicians; we all hold faculty titles and are involved in the teaching of medical students, medical residents, and physician assistants. Many of our physicians are also involved in research. All of our physicians and staff are employed by Yale University.

Yale Medicine has serious concerns that SB 23 would reduce reimbursement to Yale Medicine and hinder our ability to support teaching and research.

Academic medical practices like Yale Medicine play a special role in the health care system. Yale Medicine has the most highly specialized physician workforce in the state, and serves as a major referral center for other providers in Connecticut. We staff clinical services on a 24/7/365 basis. Yale Medicine is also an integral part of the safety net, as visits by Medicaid enrollees account for 21% of our patient volume. In addition, our patients are sicker and, for those patients admitted to the hospital, have longer stays. Furthermore, teaching – a central element of our mission – has an unavoidable impact on productivity. Yale also offers wages and benefits for support staff that are well above the prevailing rates in the local market.

As a result, Yale Medicine, like academic physician practices across the country, is necessarily more expensive than community physician practices. Private insurers have recognized this inherent difference in cost of care through the fee schedules they negotiate; Medicare has also recognized the differential through policies that provide payments to academic medical centers in the form of direct graduate medical education and indirect medical education payments for health care services provided in teaching settings.

In recent years, bills like SB 23 proposed that private insurers reimburse all health care providers at the same rate for certain services; in other words, academic physician practices may not be paid at a rate higher than the rates for other physician practices in

Connecticut. This policy would ignore our role in teaching, the greater severity of illness of our patients, and our practice of accepting patients regardless of their insurance status. It would have serious repercussions for teaching as well as the research that has led to creation of dozens of bioscience companies that have transformed the New Haven economy. Furthermore, it would be difficult for Yale Medicine to sustain current numbers of clinicians and support staff. In short, it would deal a body blow to the New Haven economy.

The concept of site-neutral reimbursement policies arose in the context of Medicare, which had separate rate schedules for physician services delivered in physician offices, ambulatory surgical centers, and hospital outpatient departments. The differences in the rate schedules came about because the Center for Medicare and Medicaid Services recognized the differences in operating costs, such as the incremental expenses associated with staffing hospital services on a 24/7 basis. In November, 2015, Congress enacted P.L. 114-74, which stipulates that services delivered in new off-campus hospital outpatient clinics will be subject to the Medicare physician fee schedule or the Medicare ambulatory surgical center fee schedule.

However, Congress' action was targeted on the fee schedule for hospital-owned clinics and it did not undermine other Medicare policies that are designed to accommodate the unusual cost structure of academic practices.

I recommend that the Committee take further time to study this complex issue before taking up legislation. All of the societal benefits that Yale Medicine provides – training the next generation of providers, developing and refining new therapies, and providing the critical safety net for Medicaid recipients and uninsured residents of Connecticut – depends on adequate reimbursement from payors, especially private insurers.